

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF CAPLIN & DRYSDALE,
CHARTERED FOR THE NINETEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Caplin & Drysdale, Chartered for the Nineteenth Interim Period (the "Application").

BACKGROUND

1. Caplin & Drysdale, Chartered ("Caplin") was retained as national counsel to the Official Committee of Asbestos Personal Injury Claimants. In the Application, Caplin seeks approval of fees totaling \$400,120.75 and costs totaling \$25,431.25 for its services from October 1, 2005, through December 31, 2005.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued

January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Caplin an initial report based on our review, and received a response from Caplin, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted that during the application period, DBS (\$220), SAT (\$175) and VW (\$175) spent 47.0 hours and \$12,598.00 on tasks that appear to be of a clerical nature. The entries are provided as Exhibit A. *In re: USG Corporation* on August 29, 2005, the Court effectively ruled in support of a maximum of \$60.00 per hour for clerical activities, unless the applicant can specifically show that the activities in question were not of a clerical nature. We asked Caplin to explain why the activities cited in Exhibit A should not be viewed as clerical. Caplin responded as follows:

The tasks referenced in paragraph 3 of the Initial Report and performed by paralegals Samira A. Taylor and David B. Smith were not clerical in nature. Ms. Taylor and Mr. Smith were rather performing the following tasks:

- (1) identifying and, using Westlaw, obtaining and marking for attorney review, cases that had been cited in the Debtors bar date motion brief;
- (2) identifying, sorting and marking documents produced in response to a discovery request, again for review by Caplin & Drysdale attorneys;
- (3) reviewing court papers and case files to obtain information for spreadsheets to be employed by Caplin & Drysdale attorneys in plan negotiations;
- (4) reviewing case files and document productions to gather and mark exhibits, including medical records, to be used at depositions;
- (5) reviewing court dockets to gather and mark court pleadings and transcripts for

use by Caplin & Drysdale attorneys.

In each instance, the task performed required the identification, analysis and annotation of court filings or, in the case of the discovery requests, documents relating to a document production. Indeed, the clerical staff is not trained to access and employ either the court's electronic docket system or legal research tools such as Westlaw. Nor does the clerical staff have either the understanding of legal procedure and legal terms needed to identify pleadings and other court filings, or the legal expertise necessary to identify, mark and organize trial and deposition exhibits. Such tasks required legal training and skills and, consequently, were performed by Ms. Taylor and Mr. Smith rather than a clerk or secretary.

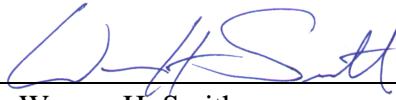
We appreciate the response; however, the response appears to describe the activities of pulling cases, and marking documents and exhibits. It appears to us that Caplin has failed to carry its burden of showing that these activities are not of a clerical nature, and thus we recommend that for the billing hours at issue, these hours be compensable at \$60 per hour, for a total billing of \$2,820.00. We thus recommend a reduction of \$9,778.00 (\$12,598.00 minus \$2,820.00) in fees.

CONCLUSION

4. Thus we recommend approval of fees totaling \$390,342.75 (\$400,120.75 minus \$9,778.00) and costs totaling \$25,431.25 for Caplin's services from October 1, 2005, through December 31, 2005.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

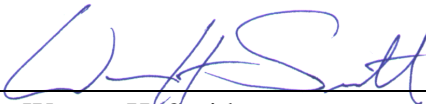
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 25th day of May, 2006.


Warren H. Smith

SERVICE LIST

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Exhibit A

10/11/2005	DBS	220.00	3.00	Compile cases cited in debtors bar date motion(2.5); Compile docket for attorney review (.5)
10/12/2005	DBS	220.00	0.60	Compile transcript for attorney review.
10/14/2005	DBS	220.00	0.70	Compile documents for attorney review.
10/17/2005	DBS	220.00	1.00	Compile documents for attorney review.
10/18/2005	DBS	220.00	1.00	Compile documents for attorney review.
10/21/2005	DBS	220.00	0.50	Compile documents for attorney review.
10/24/2005	DBS	220.00	1.00	Compile production documents for attorney review.
10/27/2005	DBS	220.00	1.50	Compile documents for attorney review.
10/28/2005	DBS	220.00	1.00	Compile documents for attorney review.
11/1/2005	DBS	220.00	1.00	Compile documents for attorney review.
11/3/2005	DBS	220.00	1.50	Compile documents for attorney review.
11/4/2005	SAT	175.00	0.80	Compilation of spreadsheets listing Trustees, Directors and TAC members, and correspondence history of various bankruptcies.
11/7/2005	DBS	220.00	1.50	Compile documents for attorney review.
11/8/2005	DBS	220.00	1.50	Compile documents for attorney review.
11/8/2005	SAT	175.00	0.50	Compilation of spreadsheets listing Trustees, Directors and TAC members, and correspondence history of various bankruptcies.
11/9/2005	SAT	175.00	0.70	Compilation of spreadsheets listing Trustees, Directors and TAC members, and correspondence history of various bankruptcies.
11/9/2005	DBS	220.00	1.50	Compile documents for attorney review.
11/10/2005	DBS	220.00	2.00	Compile documents for attorney review.

11/11/2005	DBS	220.00	2.30	Compile potential exhibits for upcoming deposition.
11/14/2005	SAT	175.00	0.60	Compilation of spreadsheets listing Trustees, Directors and TAC members, and correspondence history of various bankruptcies.
11/15/2005	DBS	220.00	6.30	Compile potential exhibits for upcoming deposition.
11/16/2005	DBS	220.00	5.30	Compile potential exhibits for upcoming deposition.
11/16/2005	SAT	175.00	0.50	Compilation of spreadsheets listing Trustees, Directors and TAC members, and correspondence history of various bankruptcies.
11/17/2005	SAT	175.00	0.10	Compilation of spreadsheets listing Trustees, Directors and TAC members, and correspondence history of various bankruptcies.
11/18/2005	DBS	220.00	2.00	Compile deposition exhibits and other documents for attorney review.
11/21/2005	DBS	220.00	2.00	Compile documents re medical records for attorney review.
11/22/2005	DBS	220.00	0.50	Compile documents re medical records for attorney review.
11/28/2005	DBS	220.00	1.50	Compile documents for case files.
11/29/2005	DBS	220.00	1.00	Compile opinions, transcripts, and pleadings for attorney review.
12/2/2005	VW	175.00	0.40	Pull exhibits per SC.
12/2/2005	DBS	220.00	3.30	Compile trial exhibits for attorney review.
12/5/2005	DBS	220.00	3.70	Compile list of deposition exhibits for attorney review(3.0); compile documents for attorney review (.7).
12?6/2005	DBS	220.00	2.50	Compile potential deposition exhibits for attorney review (1.5); compile pleadings for attorney

review(1.0)

12/13/2005	DBS	220.00	1.20	Compile pleadings and transcripts for attorney review.
12/14/2005	DBS	220.00	1.50	Compile pleadings and transcripts for attorney review (.5);...
12/15/2005	DBS	220.00	2.00	Compile pleadings and transcripts and other documents for attorney review.